



JOINT ECONOMIC COMMITTEE DEMOCRATS

SENATOR JACK REED (D-RI) – RANKING DEMOCRAT



ECONOMIC FACT SHEET

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THE WAY WE WERE COMPARING THE BUSH ECONOMY WITH THE CLINTON ECONOMY

In the latest CNN/USA Today/Gallup poll, Democrats enjoy a 15 percentage point advantage over Republicans on handling the economy, despite President Bush's best efforts to tout the success of his economic policies. One reason why the President is having such a tough time selling his message is that the economy has done so much worse on his watch than it did under President Clinton by a variety of indicators (**Table**).

Economists properly caution that many forces beyond presidential leadership affect the performance of the economy. But in one area where the president does matter—fiscal responsibility—President Clinton's record stands in marked contrast to President Bush's. The strong policy environment under President Clinton created conditions in which the economy could flourish.

The following indicators illustrate key differences in economic policy and economic performance under President Clinton and President Bush:

Job creation. President Bush has the worst job creation record of any President in over 70 years, with just 2.3 million net new jobs added to nonfarm payrolls. In contrast, payrolls expanded by 22.7 million jobs under President Clinton. Job creation averaged 237,000 jobs per month under President Clinton, compared with 38,000 jobs per month under President Bush.

Unemployment. When President Clinton left office in January 2001, the unemployment rate was 4.2 percent—3.1 percentage points lower than when he

took office. The unemployment rate in February 2006 was 4.8 percent—0.6 percentage point higher under President Bush. The number of unemployed people fell by 3.3 million under President Clinton but has risen by 1.2 million under President Bush.

Wages and income. Real (inflation-adjusted) average hourly earnings have grown only half as fast under President Bush as they did under President Clinton. Real wages have fallen during the past two years and were flat the year before that. Real median household income has fallen in every year of the Bush Administration, whereas it grew by \$5,636 under President Clinton.

Other measures of economic well-being. The poverty rate fell by 3.5 percentage points under President Clinton and the number of people in poverty declined by 6.4 million. Under President Bush, the poverty rate has risen by 1.4 percentage points and 5.4 million more people are poor. The number of people without health insurance fell during the last two years of the Clinton Administration but has grown by 6 million under President Bush.

Fiscal responsibility. Federal budget deficits have cumulated to \$1.3 trillion so far under President Bush. The budget deficit shrank and turned into a surplus under President Clinton, who achieved a cumulative surplus of \$62.8 billion during his time in office. Public debt as a percentage of GDP has increased by 4.4 percentage points under President Bush, compared with a reduction of 16.4 percentage points under President Clinton.

Change in Selected Economic Indicators

	Change under President	
	<u>Bush</u>	<u>Clinton</u>
Jobs and Unemployment		
Nonfarm payroll employment	up 2.3 million 38,000 jobs per month 0.3 percent annual growth	up 22.7million 237,000 jobs per month 2.4 percent annual growth
Unemployment rate	up 0.6 percentage point from 4.2 percent to 4.8 percent	down 3.1 percentage points from 7.3 percent to 4.2 percent
Number of unemployed	up 1.2 million	down 3.3 million
Economic growth and investment		
Growth in real GDP	2.6 percent per year	3.6 percent per year
Growth in nonresidential fixed investment	1.2 percent per year	9.4 percent per year
Measures of economic well-being		
Real average hourly earnings	up 2.0 percent 0.4 percent annual growth	up 6.8 percent 0.8 percent annual growth
Real median household income	down \$1,669	up \$5,636
People in poverty	up 5.4 million	down 6.4 million
Poverty rate	up 1.4 percentage points	down 3.5 percentage points
People without health insurance	up 6.0 million 1.5 million per year	up 1.2 million 145,000 per year
Consumer Confidence	down 12 percent	up 51 percent
Stock Market		
Standard and Poor's 500 Index	down 4 percent	up 207 percent
Federal Budget		
Cumulative deficit or surplus	deficit of \$1.3 trillion	surplus of \$62.8 billion
Change in public debt as percentage of GDP	up 4.4 percentage points from 33.0 percent to 37.4 percent	down 16.4 percentage points from 49.4 percent to 33.0 percent

Sources: Bureau of Labor Statistics (jobs and unemployment, average hourly earnings: January 1993, January 2001, February 2006); Bureau of Economic Analysis (economic growth and investment: 1992:Q4, 2000:Q4, 2005:Q4); Bureau of the Census (poverty, income, and health insurance: 1992, 2000, 2004); Conference Board (consumer confidence: January 1993, January 2001, February 2006); Wall Street Journal (S&P 500 stock index: monthly average January 1993, January 2001, February 2006); Office of Management and Budget (deficits/surpluses: FY1994-2001 and FY2002-2005, debt held by the public: FY1993, 2001, 2005).